



Maricopa County

Internal Audit Department

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Independent Accountant's Report On Applying Agreed-Upon Procedures

Members of the Supreme Court of the State of Arizona
Chief Juvenile Probation Officer – Juvenile Probation

We have performed the agreed-upon procedures enumerated in Part III of the Minimum Accounting Standards (MAS) Compliance Checklist for Arizona Courts, November 1997 Revision.

We performed these procedures to assist the Supreme Court of Arizona, Administrative Office of the Court in evaluating management's assertion that as of August 28, 2007, Juvenile Probation Department (JPD) has maintained an effective internal control system over its financial accounting and reporting. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

No exceptions were found as a result of applying the agreed-upon procedures, except those presented in the accompanying Summary of Findings.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information of the party listed in the first paragraph, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a public record and its distribution is not limited.

Should you have any questions concerning this report, please let us know.

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate, CIA
Maricopa County Auditor
November 30, 2007

**Juvenile Probation
Summary of Findings
As of November 30, 2007**

Juvenile Probation Budget and Finance Division is located at 3125 W. Durango, Arizona 85009, and performs all case-related cash collections and disbursements of the Diversion Restitution and Emergency Service Fund checking accounts. Work performed was limited to these accounts. Transactions selected for review were from fiscal years 2005, 2006, and 2007. The Diversion Restitution Account average daily balance is less than \$5,000 dollars per month. We tested a sample of 30 transactions on this account. For the Emergency Service Fund account, we tested all transactions, as this account had less than 30 transactions during the review period. The review was conducted September 5–7, 2007.

On July 30, 2007, JPD converted the Juvenile Online Tracking System (JOLTS), the system used to account for transactions related to diversion and restitution, to the Integrated Court Information System (iCIS). Our review only covers transactions processed using JOLTS, although some exceptions listed within this report may have continued with the implementation of iCIS.

Accounting System

Activity: MAS 2.02 requires that the accounting system include the following components:

- a) Preprinted, consecutively numbered receipts or receipts consecutively numbered by automated system. All receipts shall display the name of the court.
- b) Prenumbered checks or checks consecutively numbered by an automated system.
- c) Case financial record of all payments received and disbursed on a particular case. A case financial record shall include the following information (if amount received or disbursed is non-case related, see standard 2.02.e.):
 - Case number
 - Defendant's name (if applicable)
 - Plaintiff's name (if applicable)
 - Date payment was received or date court check issued
 - Amounts received or disbursed
 - Name and address of person making the payment or to whom the disbursement made. (Name and address of person making the payment is only required when the person is (1) posting a bond, or (2) making payment by check or money order, and the name and address is not on that check or money order.)
 - Receipt/transaction number or check number
 - Method of payment
 - Identification of person accepting payment

- The total costs assessed by assessment type and/or distribution type
 - Total amount paid and/or converted from bond by distribution type (fine, Criminal Justice Enhancement Fund, Medical Services, Enhancement Fund, bond, etc.)
 - Balance owed by distribution type
 - Balance held on deposit, including bonds (indicate cash or surety)
 - The name of the party against the fine and fees are assessed
 - The date notice of amount due and other collection notices were sent until amount is paid in full
- d) Cash receipts journal and cash disbursements journal which show all payments received and disbursed by day. The cash receipts journal and cash disbursements journal shall include the following:
- Date payment was received or date court check issued
 - Amount received or disbursed
 - Name of payee if check issued
 - Receipt/transaction number or court check number for disbursement
 - Payment distribution (fine, Criminal Justice Enhancement Fund, Medical Services Enhancement Fund, bond, etc.)
- e) Record of non-case related receipts. Each record should include applicable information listed in 2.02.c. If this information is recorded on a receipt, a separate non-case financial transaction record is not required.
- f) Open items record (unidentifiable items or bonds).

Exceptions:

Of thirty Diversion Restitution account transactions reviewed, we noted the following:

- One instance where the consequences contract was not included in the financial case file.
- Receipts issued from JOLTS were not numbered by the system.
- Receipts issued from JOLTS did not include name and address of individual making payments.
- Receipts issued from JOLTS did not include the method of payment.

Of eight receipts and seven disbursements tested for the Emergency Service Fund account, we noted the following:

- Four instances where supporting documentation for receipts and disbursements were not on file.

- One instance where the supporting invoice did not identify the case file or juvenile receiving counseling.
- Funds deposited into this account were not receipted into the financial system.

General Policies and Procedures

Activity: MAS 3.01 requires that JPD post the following financial policies at a conspicuous location:

- a) The methods of payment that will be accepted
- b) A receipt will be issued for every payment made in person
- c) The non sufficient funds (NSF) check policy
- d) A statement that the receipt is proof of payment

Exception: JPD did not have the above listed policies posted where payments for diversion restitution were accepted.

Activity: MAS 3.03 requires that JPD does not commingle personal monies with court monies or make change for court payments with personal monies.

Exception: JPD did not have a change fund and although their policy was to accept only cashier's checks or money orders, if a juvenile came in to pay his/her restitution and only had cash, they accepted the cash. Staff said that they tried to make change for the juvenile out of their own money.

Activity: MAS 3.04 requires that JPD maintain a uniform fine/bond schedule and fee schedule. For the Diversion Restitution and Emergency Services Fund, the court order determines the correct amount in place of the fee schedule.

Exception: No supporting documentation could be located for three of the eight Emergency Service Fund deposits reviewed, so we were unable to verify the amount of the receipt to the order of the court.

Cash Receipts

Activity: MAS 5.05 requires that they issue a receipt for each payment made in person. For all other payments, either issue a receipt for each payment or prepare a sequential numbered transaction record for each payment. A receipt or transaction record shall include:

- a) Case number, if applicable
- b) Defendant's name, if applicable
- c) Plaintiff's name, if applicable
- d) Date payment was received
- e) Amount received

- f) Name and address of the person making the payment (only required if not included on financial record and person is (1) posting a bond, or (2) making a payment by check or money order and the name and address are not on that check or money order.)
- g) Identification of person receiving the payment
- h) Method of payment (cash, check, credit card, etc.)
- i) Sequential receipt/transaction number
- j) Name of court

Exceptions:

During our testing, we found the following:

- JPD did not save copies of unnumbered receipts created in Microsoft Word and issued when payments were made in person.
- When money was entered into JOLTS a receipt was created; this receipt did not include a receipt number, the name and address of the person making the payment, or the method of payment received.

Activity: MAS 5.06 requires that all payments received are recorded immediately on the case financial record unless an automated system immediately journals payments and posts them daily to the case financial record. The following information must be recorded on the case financial record:

- a) Case number
- b) Defendant's name (if applicable)
- c) Plaintiff's name (if applicable)
- d) Date payment was received
- e) Amount received
- f) Method of payment
- g) Name and address of the person making the payment (Name and address is only required when a person is (1) posting a bond, or (2) making a payment by check or money order and the name and address is not on the check or money order.)
- h) Receipt/transaction number
- i) Total amount paid and/or converted from bond, by distribution type (fine, surcharges, bond, etc.)
- j) Balance owed by distribution type (fine, surcharges, bond, etc.)
- k) Identification of person accepting payment

Exceptions:

From our sample of thirty receipts from the Diversion Restitution account, we noted the following:

- Ten instances where funds deposited into the bank were not entered into the financial reporting system within 24 hours of deposit.
- JOLTS did not include the receipt number, method of payment, name, and address of individuals making payments when money orders were the method of payment.

Activity: MAS 5.07 requires that all payments received be recorded on the cash receipts journal and include:

- a) Date payment was received
- b) Amount received
- c) Receipt/transaction number
- d) Payment distribution by type (fine, Criminal Justice Enhancement Fund, Medical Service Enhancement Fund, bond, etc.)

Exceptions:

During our testing, we noted the following:

- Receipts were entered into JOLTS for the Diversion Restitution Account. These receipts did not have receipt numbers.
- Monies deposited into the Emergency Service Fund account were not receipted into the financial system.

Disbursement Policies

Activity: MAS 6.01 requires that JPD establish policies to require that disbursements (such as refunding exonerated bonds, paying restitution to victims and refunding overpayments) be made within a prescribed period of time as dictated by administrative order, court policy or local ordinance.

Exception: We found two occurrences where juveniles overpaid their Restitution and funds were not returned. Each overpayment was for less than \$0.50.

Payments Disbursed

Activity: MAS 7.02 requires that responsibility for issuing and signing checks or check requisition forms should be limited to as few individuals as practical. Bank records should be monitored so that only authorized individuals are on the bank's list of those authorized to sign checks. The bank should be notified immediately of any changes to the list of those authorized.

Exception: During our review, we received copies of the bank signature cards which listed one individual that had retired in April 2006. After we inquired about this individual, the Budget and Finance Director provided a Deposit Account Balance Summary from the bank dated October 5, 2007, which did not show this individual as a signer on the account, indicating that this situation had been corrected; however, we were unable to determine when this individual was removed from the account and the Department was unable to provide documentation of the deletion date.

Activity: MAS 7.05 requires that all disbursements be posted immediately to the case financial record.

Exception: For the Diversion Restitution account, we found two instances where money was disbursed but not recorded immediately to the case financial record; one instance where the disbursement was recorded six days after the disbursement check was written, and one instance where the disbursement was recorded four days after the disbursement check was written.

Activity: MAS 7.08 requires that JPD establish a method of stop payment and that they account for checks reported as lost.

Exception: JPD had no formal written policy and decided on a case by case basis if a stop payment would be issued.

Deposits and Bank Accounts

Activity: MAS 8.05 requires all monies be deposited in the same form (such as check, cash or money order) as received and deposit at least weekly or daily if cash receipts exceed \$300.

Exception: We were unable to verify if money was deposited in the same form received because the accounting system did not provide a method of payment.

Reconciliation

Activity: MAS 9.01 requires that JPD reconcile and balance all accounting records at least monthly to verify that all receipts and disbursements are accounted for properly.

Exception:

During our testing, we noted the following:

- JPD was not able to locate the monthly reconciliations for the period of July 2004 through December 2004 for both the Diversion Restitution and the Emergency Service Fund accounts. Bank statements were obtained from the bank following our initial review; however, reconciliations had not been completed. JPD staff indicated that they plan to complete the reconciliations.
- In FY 2005 three monthly reconciliations for both accounts were not reconciled the following month.

- The November 2006 to May 2007, reconciliations for both accounts were not completed until July 2007.

Outstanding Checks

Activity: MAS 10.01 requires on at least a monthly basis, investigate all court checks outstanding for more than six months.

Exception: JPD did not have a formal written policy regarding outstanding checks. During our review of the June 30, 2007, Diversion Restitution bank reconciliation, we noted 22 checks that were over six months old; of these, five were over three years old.


SUPERIOR COURT • JUVENILE PROBATION DEPARTMENT
Maricopa County

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SOUTHEAST FACILITY – 1810 South Lewis Street Mesa, AZ 85210-6234 – (602) 506-2619 – (602) 506-2260 (TTD)

CAROL L. BOONE, Chief Juvenile Probation Officer

MEMORANDUM

To: Ross L. Tate, Maricopa County Auditor

From: Carol L. Boone, Chief Juvenile Probation Officer 

Date: November 26, 2007

RE: Response to Independent Accountant's Report on Applying Agreed-Upon Procedures

Thank you for the results of your review of the Maricopa County Juvenile Probation Department's case-related cash collections and disbursements of the Diversion Restitution and Emergency Service Fund checking accounts. I view your findings as an opportunity for the Department to improve operations.

I would like to take this opportunity to respond to each of the exceptions noted.

Accounting System

Regarding the Diversion Restitution account, your findings noted:

- One instance where the consequences contract was not included in the financial case file.

We will reiterate with staff the necessity of ensuring that the consequences contract be included in all financial case files.

- Receipts issued from JOLTS are not numbered by the system
- Receipts issued from JOLTS do not include name and address of individual making payments
- Receipts issued from JOLTS do not include the method of payment

As mentioned in your report, on July 30, 2007 the Maricopa County Juvenile Probation Department moved from JOLTS (Juvenile on-Line Tracking System), the longstanding case management information system, to iCIS (Integrated Court Information System). Therefore, the deficiencies noted with JOLTS do not require action on the part of this Department. They do, however, aid in working with Court

Technology Services (CTS) to develop an improved financial system in iCIS, which is currently in process.

Regarding the Emergency Service Fund account:

- Four instances where supporting documentation for receipts and disbursements were not on file
- One instance where supporting invoice did not identify the case file or juvenile receiving counseling

We will reiterate with staff the necessity of ensuring that all supporting documentation is present. The Department may also request that the AOC grant an exception on this account due to its limited use.

- Funds deposited in to this account are not receipted into the financial system

The necessity of immediately receipting funds deposited will be addressed with staff.

General Policies and Procedures

- JPD does not have financial policies posted where payments for diversion restitution are accepted.

The proper signage has been ordered and should be posted at our Durango facility by November 30, 2007.

- JPD does not have a change fund and although their policy is to accept only cashier's checks or money orders, if a juvenile comes in to pay their restitution and only has cash, they will accept cash. Staff said that they will try to make change for the juvenile out of their own money.

Departmental policy, including the prohibition against accepting cash and making change from personal funds, will be reiterated with staff.

- No supporting documentation can be located for three of the eight Emergency Service Fund deposits reviewed, so we were unable to verify the amount of the receipt to the order of the court.

We will reiterate with staff the necessity of ensuring that all supporting documentation is present.

Cash Receipts

- JPD does not save copies of unnumbered receipts created in Word and issued when payments are made in person.

This will not occur with the improvements anticipated with the financial portion of iCIS.

- When the money is entered into JOLTS a receipt is created; this receipt does not include a receipt number, the name and address of the person making payment or the method of payment received.

As previously noted, JOLTS no longer exists and the Department is working with CTS to ensure receipts issued in iCIS contain the required information.

Regarding the Diversion Restitution account:

- Ten instances where funds deposited into the bank were not entered into the financial reporting system within 24 hours of deposit.

The necessity of immediately entering funds deposited into the financial system will be addressed with staff.

- JOLTS does not include the receipt numbers, method of payment, name and address of individuals making payments when money orders are the method of payment.

As previously noted, JOLTS no longer exists and the Department is working with CTS to ensure receipts issued in iCIS contain the required information.

- Receipts are entered into JOLTS for the Diversion Restitution account. These receipts do not have receipt numbers.

As previously noted, JOLTS no longer exists and the Department is working with CTS to ensure receipts issued in iCIS contain the required information.

- Monies deposited in to the Emergency Services Fund account are not receipted into the financial system.

The necessity of immediately entering funds deposited into the financial system will be addressed with staff.

Disbursement Policies

- We found two occurrences where juveniles overpaid their restitution and funds were not returned. Each overpayment was for less than \$0.50.

While the amount of the overpayment was very small, the Department will develop and implement a policy to ensure that any overpayments are refunded as soon as detected.

Payments Disbursed

- During our review, we received copies of bank signature cards which listed one individual that had retired in April 2006. After we inquired about this individual, the Budget and Finance Director provided a Deposit Account Balance Summary from the bank dated 10/5/07 which did not show this individual as a signer on the account, indicating that this situation has been corrected; however, we were unable to determine when this individual was removed from the account and the Department was unable to provide documentation of the deletion date.

The Department will pay closer attention to signature cards and update them as soon as there is a change in authorized staff. The Department will also retain documentation regarding this action.

- For the Diversion Restitution account, we found two instances where money was disbursed but not recorded immediately to the case financial record; one instance the disbursement was recorded 6 days after the disbursement check was written and one instance the disbursement was recorded 4 days after the disbursement check was written.

The necessity of immediately recording disbursements into the financial system will be addressed with staff.

- JPD has no formal written policy and decided on a case by case basis if a stop payment should be issued.

The Department will develop and implement a policy regarding stop payments. In doing so, the Maricopa County Adult Probation Department and Administrative Office of the Courts will be consulted.

Deposits and Bank Accounts

- We were unable to verify money is deposited in the same form received because the accounting system does not provide a method of payment therefore we were unable to test.

The Department is working with CTS on the financial portion of ICIS to ensure there is a field to record the method of payment received.

- JPD was not able to locate the monthly reconciliations for the period of July 2004 through December 2004 for both the diversion Restitution and Emergency Service Fund accounts; bank statements were obtained from the bank following our initial review however reconciliations have not been completed. JPD indicated that they plan to complete the reconciliations.

The Department will complete the above referenced reconciliations by December 31, 2007.

- In FY 2005 three monthly reconciliations for both accounts were not reconciled the following month.
- The November 2006 to May 2007 reconciliations for both accounts were not completed until July 2007.

Barring unforeseen circumstances, such as staffing shortages, the Department will ensure that reconciliations are completed in a timely manner.

Again, thank you for your Minimum Accounting Standards (MAS) compliance review of our Diversion Restitution and Emergency Service Fund accounts. The information you have provided is very useful and timely, as we are in the process of refining the financial portion of iCIS with Court Technology Services. I am confident that the majority of these findings will be satisfactorily rectified once the iCIS financials are completed and operational. Additionally, you have brought to light areas where policy either needs to be developed, or reiterated to staff. This, too, is very beneficial.